

RODOLFO ALFONSO AND NORMA G. ALFONSO, PETITIONERS, VS. COURT OF APPEALS, ROBERTO CHANCO AND MYRNA GARCIA CHANCO, RESPONDENTS.

G.R. No. 63745. June 08, 1990

Ponente: NARVASA, J.

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NARVASA, J.:

Mr. and Mrs. Roberto Chanco were the registered owners of a 239-square-meter lot in Barrio Sto. Angel, Sta. Cruz, Laguna. They entered into an oral agreement with Mr. and Mrs. Rodolfo Alfonso regarding the lot. But as will shortly be seen, they evidently had different notions of the precise terms of the agreement. What is undisputed is that the Alfonsos paid P2,000.00 to the Chancos, and that on that occasion the latter executed a private instrument of the following tenor:

"August 21/73

Sa kinauukulan,

1. Ako si Roberto Chanco at Myrna Chanco ay tumanggap ng halagang (dalawang libong piso) P2,000.00 sa mag-asawang Rodolfo Alfonso at Norma Alfonso.

Bilang paunang bayad sa aking lote sa Monserrat Subdivision na kinatitirikan ng kanilang bahay.

Sa katunayan ay pinirmahan sa ibaba nito.

(S) ROBERTO CHANCO (S) MYRNA G. CHANCO

ROBERTO CHANCO MYRNA G. CHANCO."

It is the Alfonsos' claim that their understanding with the Chancos was that they would pay to them the sum of P4,000.00, the balance of the consideration for the transfer of the land to them, as soon as they obtained a loan from the Philippine National Bank; that they had in fact gotten such a loan and then, on or about October 6, 1973, offered to pay to the Chancos that sum of P4,000.00, but the Chancos had unjustifiably refused to accept the proffered payment and had instead sold the property to the Namit Spouses, despite the Alfonsos' protests made not only to the Chancos but also to the Namits.

It is the Chancos' claim, on the other hand, that they were selling their property because they were in urgent need of money at the time; that they could thus give the Alfonsos only one week within which to pay the balance; that when the Alfonsos failed to do so, the Chancos told them they were cancelling their agreement and selling the property to someone else, and tried to return the P2,000.00 they had earlier received; that the Alfonsos refused to accept the P2,000.00 and instead, tendered payment of an additional sum of P2,500.00 which the Chancos, in turn, rejected; and that the Chancos then executed a deed of sale, conveying the land to the spouses, Serafin Namit and Clarita Alvarez, for P6,000.00, and on the strength thereof, a new certificate of title over the land was issued to the Namits.

The Alfonso Spouses brought suit in the Court of First Instance of Laguna against the Chancos and the Namits to annul the sale and compel reconveyance to them of the land in question. Their complaint was founded on the theory that their contract with the Chancos was one of absolute sale which could not be unilaterally cancelled but required for its rescission demand therefor, judicially or by notarial act, conformably with Article 1592 of the Civil Code reading as follows:

"ART. 1592. In the sale of immovable property, even though it may have been stipulated that upon failure to pay the price at the time agreed upon the rescission of the contract shall of right take place, the vendee may pay, even after the expiration of the period, as long as no demand for rescission of the contract has been made upon him either judicially or by a notarial act. After the demand, the court may not grant him a new term."

Since, the Alfonsos argue, no such demand for rescission of their contract had been made by the Chancos, either judicially or by notarial act, their tender of the balance on October 6, 1973 was timely and should have been accepted by the Chancos; and the Chancos' repudiation of the sale and their second sale of the same property, this time to the Namits -- who had full knowledge of the first transaction -- were illegal and void, and rendered the Chancos and Namits liable in damages.

After due proceedings the Trial Court[1] rendered judgment,[2] disposing as follows:

"(1) defendants Serafin and Clarita Namit to reconvey the lot covered by Transfer Certificate of title No. T-73821 of the Registry of Deeds for the Province of Laguna to plaintiff spouses Rodolfo and Norma G. Alfonso for P6,000.00 upon the payment by the latter of P4,000.00, the difference of P2,000.00 to be paid to the Namits by the Chancos, such amount having been previously received by the latter from the Alfonsos, and

(2) all defendants jointly and severally to pay the plaintiffs the amount of P200.00 as actual damages, plus costs."

The Trial Court's judgment was however reversed by the Court of Appeals. The dispositive portion of the latter's judgment,[3] promulgated on November 8, 1982,[4] reads as follows:

"WHEREFORE, the judgment appealed from is hereby reversed and another one rendered ordering the dismissal of the plaintiffs' complaint and upholding the validity of the sale of the lot in question made by the defendant Chancos in favor of the defendant Namit spouses, as well as the Transfer Certificate of Title No. T-73821 issued in the names of Serafin Namit and Clarita Alvarez. The plaintiffs are to be reimbursed the sum of P2,000.00 which they gave as down payment for the lot but they are to pay the defendants attorney's fees in the sum of P2,000.00. In view of their relationship the parties shall bear their own costs."

The Appellate Court found that the evidence satisfactorily established (1) that time was indeed of the essence in the Chancos' agreement with the Alfonsos, the Chancos being then in urgent need of money and hence, willing to transfer the property only after full payment of the balance of the price in the sum of P4,000.00; (2) that no deed of absolute sale in favor of the Alfonsos was drawn up at the time (or any time thereafter, for that matter) -- the only writing executed being a receipt subscribed by the Chancos simply acknowledging acceptance of P2,000.00 from the Alfonsos as advance payment for their (the Chancos') lot at the Monserrat Subdivision; and (3) that actually, the Alfonsos were not in a position to pay the full amount of the purchase price. On these factual premises the Court adjudged it to be "conformable with law and equity, and more in consonance with justice," to uphold the extrajudicial cancellation made by the Chancos of their agreement with the Alfonsos, as well as the subsequent sale of the lot to the Namit Spouses.

From this judgment the Alfonsos have appealed to this Court, praying for reversal thereof. Their plea must be denied.

The rule, of course, is that this Court is bound by the conclusions of fact of the Court of Appeals, subject to

certain well defined exceptions none of which exists here. Now, the facts declared by the Court of Appeals to have been satisfactorily proven do not demonstrate the existence of a contract of sale of the immovable in question but rather, a contract to sell it; hence the legal provision invoked by the Alfonsos, Article 1592 of the Civil Code, *supra*, cannot apply.

The issue raised by the Alfonsos is not new. This Court has already had occasion, more than once, to pass upon that precise issue and resolve it adversely to the Alfonsos' position.

Manuel v. Rodriguez, 109 Phil. 1, was one such occasion. In *Manuel*, "only the price and the terms of payment were in writing," but the most important matter in the controversy, the alleged transfer of title was never "reduced to any written document. It was held that the contract should not be considered as a written but an oral one; not a sale but a promise to sell; and that "the absence of a formal deed of conveyance" was a strong indication "that the parties did not intend immediate transfer of title, but only a transfer after full payment of the price." Under these circumstances, the Court ruled Article 1504 of the Civil Code of 1889 (Art. 1592 of the present Code) to be inapplicable to the contract in controversy -- a contract to sell or promise to sell -- "where title remains with the vendor until fulfillment of a positive suspensive condition, such as full payment of the price ** ." [5]

And in *Roque v. Lapuz*, 96 SCRA 741, the Court reiterated the doctrine, affirmed by the "overwhelming weight of authority culminating in the *Luzon Brokerage v. Maritime* cases,[6] * * that Article 1592 of the New Civil Code does not apply to a contract to sell where title remains with the vendor until full payment of the price as in the case at bar."

WHEREFORE, the petition is DENIED and the judgment of the Court of Appeals subject thereof is AFFIRMED, with costs against petitioners.

SO ORDERED.

Cruz, Gancayco, and Medialdea, JJ., concur.

Griño-Aquino, J., on official leave.

[1] Presided over by Hon. Ricardo J. Francisco (now Associate Justice of the Court of Appeals)

[2] On July 23, 1977 (Rollo, p. 31)

[3] Written for the Special First Division by Acting Presiding Justice Ramon G. Gaviola Jr., with whom concurred Justices Serafin R. Cuevas and Edgardo L. Paras

[4] Rollo p. 97.

[5] Citing: *Caridad Estates v. Santero*, 71 Phil., 114, 121; *Albea v. Inquimboy*, 86 Phil. 476 * *; *Jocson v. Capitol Subdivision, Inc., et al.*, L-6573, Feb. 28, 1955; *Miranda v. Caridad Estates*, L-1077 and *Aspuria v. Caridad Estates*, L-2121, Oct. 3, 1950

[6] *Luzon Brokerage Co., Inc. v. Maritime Building Co., Inc.*, originally decided on January 31, 1972, 43 SCRA 93; motion for reconsideration, denied by Resolution of Aug. 18, 1972, 46 SCRA 381, and second motion for reconsideration, denied by Resolution of Nov. 16, 1978, 86 SCRA 305

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